

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN THE STATE  
(Other instructions on  
reverse side)

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN				5. LEASE DESIGNATION AND SERIAL NO. <b>LC - 069276</b>
1a. TYPE OF WORK <b>DRILL</b> <input checked="" type="checkbox"/> <b>DEEPEN</b> <input type="checkbox"/>				6. IF INDIAN, ALLOTTEE OR TRIBE NAME
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				7. UNIT AGREEMENT NAME
2. NAME OF OPERATOR <b>Nearburg Producing Company</b>				8. FARM OR LEASE NAME, WELL NO. <b>Gazelle 31 Federal #1</b>
3. ADDRESS AND TELEPHONE NO. <b>3300 North A Street, Building 2, Suite 120, Midland, Texas 79705 (915) 686-8235</b>				9. API WELL NO.
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface <b>1,980' FNL and 1,650' FEL</b> At proposed prod. zone <b>Unit G</b>				10. FIELD AND POOL, OR WILDCAT <b>Corbin Morrow, South</b>
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* <b>11 miles SE from Maljamar, New Mexico</b>				11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA <b>Section 31, T18S, R33E</b>
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) <b>1,650'</b>		16. NO. OF ACRES IN LEASE <b>325.37</b>	17. NO. OF ACRES ASSIGNED TO THIS WELL <b>325.37</b>	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. <b>1,650'</b>		19. PROPOSED DEPTH <b>13,700'</b>	20. ROTARY OR CABLE TOOLS <b>Rotary</b>	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) <b>3,738' GR</b>				22. APPROX. DATE WORK WILL START* <b>04/15/98</b>
23. PROPOSED CASING AND CEMENT PROGRAM <b>CAPTION CONTROLLED WATER BASIN</b>				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
<b>17-1/2"</b>	<b>13-3/8" J-55</b>	<b>48#</b>	<b>400'</b>	<b>CIRCULATE 500 sx WITNESS</b>
<b>11"</b>	<b>8-5/8" J-55</b>	<b>32#</b>	<b>5,100'</b>	<b>CIRCULATE 2,500 sx</b>
<b>7-7/8"</b>	<b>5-1/2" N-80</b>	<b>17# &amp; 20#</b>	<b>13,700'</b>	<b>500 sx</b>

Propose to drill the well to sufficient depth to evaluate the Morrow formation. After reaching TD, logs will be run and casing set if the evaluation is positive. Perforate, test and stimulate as necessary to establish production.

Acreage dedication is 325.37 acres; N/2 of Section 31

OPER. OGRID NO. **15742**  
PROPERTY NO. **22872**  
POOL CODE **75080**  
EFF. DATE **3/2/98**  
API NO. **32-025-34317**

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *[Signature]* TITLE Manager of Drilling and Production DATE 1/30/98  
(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY *[Signature]* TITLE Acting ADM MINERALS DATE 2-25-98

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

## STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Nearburg Producing Company  
P. O. Box 823085  
Dallas, Texas 75382-3085

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No: NM-069276

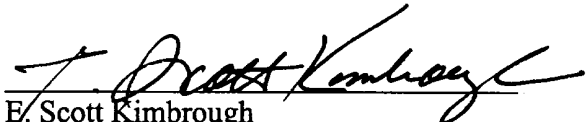
Legal Description of Land: 1,980' FNL & 1,650' FEL  
Section 31, T18S, R33E

Formation(s) (if applicable): Morrow

Bond Coverage: \$25,000 statewide bond of Nearburg Producing Company

BLM Bond File No: NM1307

1/30/98  
Date

  
E. Scott Kimbrough  
Manager of Drilling and Production

**ATTACHMENT TO FORM 3160-3  
GAZELLE 31 FEDERAL #1  
1,980' FNL AND 1,650' FEL  
SECTION 31, T18S, R33E  
LEA COUNTY, NEW MEXICO**

**DRILLING PROGRAM**

**1. GEOLOGIC NAME OF SURFACE FORMATION**

Alluvium

**2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS**

B/Rustler	1,310	Penn. Shale	11,250
T/Yates	2,930	T/Strawn	12,000
T/Queen	4,100	T/Atoka	12,400
T/Delaware	5,330	T/Morrow	12,740
T/Bone Spring	7,250	T/Morrow B Sand	13,060
T/1 <sup>st</sup> Bone Spring Sand	8,560	T/Morrow C Sand	13,400
T/2 <sup>nd</sup> Bone Spring Sand	9,120	TD	13,700
T/3 <sup>rd</sup> Bone Spring Sand	10,090		
T/Wolfcamp	10,500		

**3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL, OR GAS**

T/1st Bone Spring Sand	8,560	Oil
T/Morrow B Sand	13,060	Gas
T/Morrow C Sand	13,400	Gas

**4. CASING AND CEMENTING PROGRAM**

Setting From					
<u>Casing Size</u>	<u>From</u>	<u>To</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>
13-3/8"	0'	400'	48#	J-55	ST&C
8-5/8"	0'	5,100'	32#	J-55	ST&C & BT&C
5-1/2"	0'	5,100'	20#	N-80	LT&C
5-1/2"	5,100'	8,400'	17#	N-80	LT&C
5-1/2"	8,400'	13,700'	20#	N-80	LT&C

We plan to drill a 17-1/2" hole to equal 400'. 13-3/8" casing will be cemented with 500 sacks or volume to tie back to surface.

**GAZELLE 31 FEDERAL #1**  
**DRILLING PROGRAM**  
**PAGE 2**

11" hole will be drilled to 5,100' and 8-5/8" casing will be cemented with 2,500 sx or volume necessary to bring cement back to surface.

7-7/8" hole will be drilled to 13,700' and 5-1/2" production casing will be cemented with approximately 500 sx of Class "H" 50/50 POZ.

**5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL**

The BOP stack will consist of a 5,000 psi working pressure, dual ram type preventer and annular.

A BOP sketch is attached.

**6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM**

Spud and drill to 400' with fresh water mud for surface string. The intermediate hole section will be drilled with 10 ppg brine to 5,100'. The production section from 5,100' to 12,400' will be drilled with 9-9.5 ppg cut brine. From 12,400' to TD the mud system will be Brine/PolyPac/XCD with mud weight expected to be 9.0-10.0 ppg, but sufficient to control formation pressures.

**7. AUXILLARY WELL CONTROL AND MONITORING EQUIPMENT**

None required.

**8. LOGGING, TESTING, AND CORING PROGRAM**

DLL/CNL/LDT/CAL/GR logging is planned. Drill stem tests, cores and sidewall cores are possible.

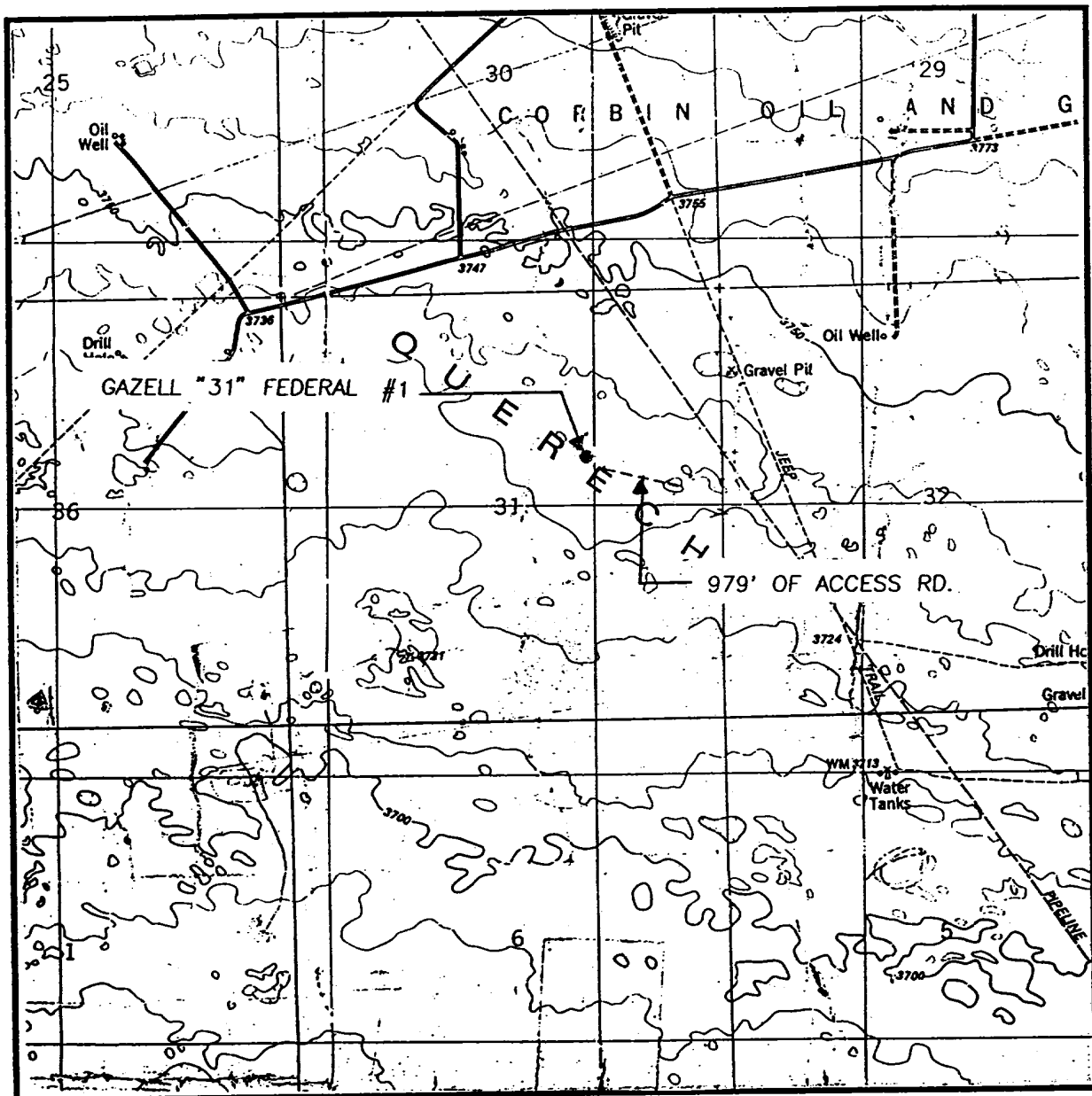
**9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES & POTENTIAL HAZARDS**

Anticipated bottom hole pressure: 4,000 – 5,000 psi. No abnormal pressure is anticipated.

**10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS**

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is April 15, 1998. Once commenced, the drilling operation should be finished in approximately 40 days.

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
LAGUNA GATUNA NW - 10'

SEC. 31 TWP. 18-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY Lea

DESCRIPTION 1980' FNL & 1650' FEL

ELEVATION 3738

OPERATOR NEARBURG PRODUCING COMPANY

LEASE GAZELLE "31" FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

LAGUNA GATUNA NW, N.M.

**JOHN WEST ENGINEERING  
HOBBS, NEW MEXICO  
(505) 393-3117**

**EXHIBIT D  
TOPOGRAPHIC & LOCATION  
VERIFICATION MAP  
GAZELLE 31 FEDERAL #1  
LEA COUNTY, NEW MEXICO**

P.O. Box 1960, Hobbs, NM 88241-1960

Energy, Minerals and Natural Resources Department.

**Form C-102**  
**Revised February 10, 1994**  
**Submit to Appropriate District Office**  
**State Lease - 4 Copies**  
**Fee Lease - 3 Copies**

P.O. Drawer DD, Artesia, NM 88211-0719

1000 Rio Brazos Rd., Aztec, NM 87410

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34317	Pool Code 75080	Pool Name Corbin Morrow; South
Property Code 22872	Property Name GAZELLE "31" FEDERAL	Well Number 1
OGRID No. 15742	Operator Name NEARBURG PRODUCING COMPANY	Elevation 3738

### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	31	18 S	33 E		1980	NORTH	1650	EAST	

## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 325.37	Joint or Infill	Consolidation Code		Order No.					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

OR A NON-STANDARD UNIT HAS BEEN RETURNED

**OPERATOR CERTIFICATION**

*I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.*

*E. Scott Kimbrough*  
Signature

E. Scott Kimbrough  
Printed Name

Mgr. of Drlg & Prod.  
Title

January 29, 1998  
Date

**SURVEYOR CERTIFICATION**

*I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.*

DECEMBER 30, 1997

Date Surveyed DMCC

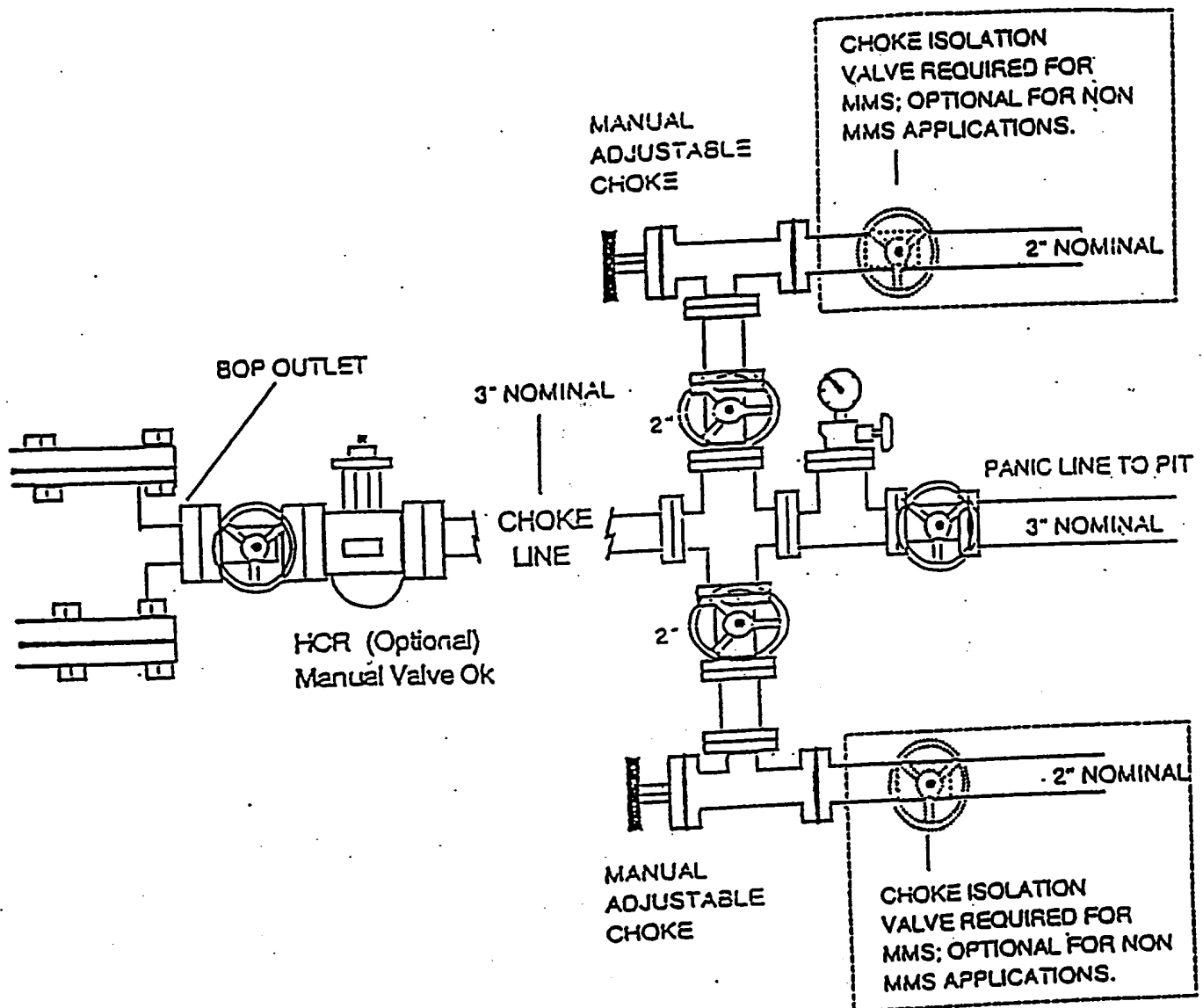
Signature & Seal of Professional Surveyor

Certificate No. 676

3239

12641

VEARBURG PRODUCING COMPANY  
CHOKE MANIFOLD  
5M SERVICE



GAZELLE 31 FEDERAL #1  
SECTION 31, T18S, R33E  
1,980' FNL AND 1,650' FEL  
LEA COUNTY, NEW MEXICO